The Domestic Reactionaries

Domestic Politics’ Implications for International Cooperation on the Climate Change Issue: The U.S. Case

Joakim Hellberg
The crucified planet Earth,
should it find a voice
and a sense of irony,
might now well say
of our abuse of it,
"Forgive them, Father,
They know not what they do."

The irony would be
that we know what
we are doing.

When the last living thing
has died on account of us,
how poetical it would be
if Earth could say,
in a voice floating up
perhaps
from the floor
of the Grand Canyon,
"It is done."
People did not like it here.

Kurt Vonnegut (1922-2007)
ABSTRACT

This essay is to be filed as a sub-category under the greater question of what sets the odds for international cooperation. It takes a closer look at domestic politics’ influence over the issue area: utilizing a liberal rational actor theoretical approach with an interest focus. The subject of this single case study is climate politics in the United States during the Obama Administration and its meaning for the Copenhagen Accord commitments.

It concludes that domestic politics matter for the odds of international cooperation in the case of U.S. climate action and that ratification of the U.S. commitments to Copenhagen rest in the hands of strong interest groups. This conclusion relies on the fact that in the U.S., the decision-making horizon for the ‘collective’ of government branches is short due to overlapping election cycles, a slow legislative process and a weak party structure. What this essay underlines is that ignoring domestic politics and viewing states as unitary actors under conditions of divergent policy preferences between branches of government will produce incomplete and incorrect conclusions about the reasons and odds for international cooperation.

**Keywords:** Climate Politics, United States, Legislative Processes, International Cooperation, Domestic Politics

**Word Count:** 16457
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1 INTRODUCTION

The theme of my thesis was inspired by the climate hype and the climate meeting in Copenhagen. Different states and federations of states are more or less ambitious in their attempts to counter climate change by reaching international agreements. I will try to gain better understanding of why this is so. I chose to seek the answers in the domestic arena since factors from within the state often are neglected when it comes to the field of IR. In my view domestic politics are often far more decisive for the odds of international cooperation than concerns of relative gains and cheating. This is what Helen Milner argues for in her book *Interest, Institutions and Information: Domestic Politics and International Relations*, and the theory I will base my analysis on.

**Research Questions:**

- Why is it so hard to agree on taking relevant and substantial measures for countering climate change internationally?
- How can an analysis of domestic factors and dynamics contribute to an understanding of this problem?

The two research questions are closely linked and the answer to the second is decisive for saying something about the first. The main focus is therefore on the second with the aim of adding to the possible explanations and understandings of the first.

The theory relaxes the realist assumption of domestic relations as hierarchic but keeps the international level assumption of anarchy. Within the domestic arena there is a continuum stretching from anarchy to hierarchy. What is in between these two extremes is ‘polyarchy’. Where a state is located on this polyarchic continuum depends on three factors: “…the policy preferences of domestic actors, the institutions for power sharing among them and the distribution of information among them” (Milner 1997:10f.). The domestic realm is composed of an executive (president & cabinet, prime minister & government), a legislature (congress, parliament) and societal interest groups (corporations, organizations, bureaucracies, etc). The structure of these groups’ preferences and the distribution of power and information among them determine the location of a (country) actor on the polyarchic scale, and do in relation to other countries corresponding structures also set the likelihood of reaching a cooperative agreement. Government policy is determined by voters and societal actors’ opposition or agreement (to an issue) and the government’s relations to those groups.
I will apply this analytical frame on one national actor fully (with assumed polyarchy) and another actor partly (with assumed hierarchy) to illustrate the domestic influence on the international level. The polyarchic actor will be represented by the United States of America and the hierarchic by the European Union. The Litmus test of the theory will be made by comparing the domestic structure of preferences to the country’s foreign policy on climate change to see if any correlation between the two can be established.

Originally, the ambition of this essay was to look into two different cases of domestic politics and environmental policies and cross examine, compare the results and in the end perhaps be able to pinpoint the dynamics and factors crucial for policy outcomes. Unfortunately, this ambition would have come at the cost of the analytic rigor that the theoretical framework and case study method requires. Do note that I do not consider the EU as an internally hierarchical actor. The choice was made merely to contrast and complete the case study with an actor that has a clear policy in the chosen issue area that is separated from the U.S. preference. Interesting to consider (as remarked by my supervisor) is that it could be argued that the EU and the U.S. are not too different when it comes to political structure, yet the policy outcome in this area is vastly different. The seemingly vast gulf dividing ambitions does however narrow significantly when scrutinized.

The U.S. and EU reference policies will be the ones presented to the UNFCCC Executive Secretary in backwater of the COP 15 climate meeting in Copenhagen of December 7-18, 2009. The analysis of the U.S. domestic situation on climate legislation will mostly circle around the ‘American Clean Energy and Security Act’ (ACES) under the Obama Presidency.

1.1 Methodology & Alternative Theories

There are many theories that are relevant to international cooperation. Milner brings out four alternate explanations along two competing lines of thought: Realism and Liberalism. The Realist explanations are concerned with relative power distribution, cheating and fear. One branch, Hegemonic Stability Theory (HST) explains cooperation with reference to either the coercive power of the Hegemon or its ability to enforce cheating and offset fears of such behaviour. Another branch of Realism is concerned with the Balance of Power (BoP) and explains cooperation as attempts to balance out external threats. The Liberal explanations allow international regimes and epistemic communities to play a role in determining the likelihood of international cooperation. They are both anchored in “...norms, rules and principles...” but differs in emphasis: The first sees international regimes or institutions as the
vehicle; enforcer of agreements, and a platform for sharing information and lowering transaction costs. The second sees the international network of professional people who have a shared consensus on ideas and knowledge within relevant policy areas as the vehicles of cooperation, making it more probable. All perspectives mentioned above tend to operate on the assumption of a unitary state actor (Milner 1997:23-26). The two Realist approaches give the distribution of power in the international system prominence, and the Liberal institutional approach attaches importance to the structure made up by international regimes. They emphasize systemic reasons for explaining state behaviour and hence have a top-down view of international relations.

The top-down view is when the behaviour of the units in the international system is decided by systemic forces. The bottom-up view is when the units decide their behaviour themselves, that the international system can be explained as the sum of unit behaviour. This problem is repeated in the lower levels of analysis; nation state vs. bureaucracy and bureaucracy vs. individual (Hollis & Smith 1990:7ff.).

Milner says little about the philosophy of science, but her general approach is positivist/naturalist, that is; she believes in the possibility of retrieving knowledge from an objective reality, and that there are regularities in this reality that can be observed and tested empirically (Moses & Knutsen 2007:8f.). The approach; rational choice, and the use of it to test and “...explain real world phenomena” (Milner 1997:248f.), gives support to this analysis of her ontological and epistemological outlook.

She does not lend too much confidence to top-down approaches; instead her theory (I use Hollis & Smith’s analogy of boxes) considers the states in the world system as open boxes and looks inside for an explanation (bottom-up) of international cooperative state behaviour. There are three boxes inside the state-box: One remains closed (the societal actor box), just assumed to maximize value according to its character, but the other two (the legislative and the executive boxes) are opened and its politicians are taken out and said to pursue but one end which is to retain political office. However, these political actors depend on the performance of their respective bureaucracies and overall national economy, thus their interests are intertwined with the ‘organizational interest’ and the ‘national interest’. The theory of domestic politics impact on international relations as presented operates on two levels of analysis simultaneously, the individual and the organizational when it refers to rational behaviour and the pursuit of interests. Pursuing those interests though, means taking
While treating theories belonging to the international system level of analysis, Milner fails to mention any possible objections that theories of Bureaucratic Politics might have on the domestic level\(^1\). Especially since the American bureaucracy is very large and prone to internal fighting even within its agencies (Hallenberg 2009b:71f.). In addition, she does not mention the case when a politician cannot by law, or for any other reason does not have the will to retain political office. She ignores the question of what happens when a President is re-elected for a second term, and what stops any politician who cannot stay in office from ignoring the factors relevant for his/hers re-election. This change in assumptions can, as she admits, drastically alter the conclusions drawn (Milner 1997:249).

Providing a theory that accounts for domestic politics impact on international relations is a complex task and therefore few attempts have been made to provide such a theory (Drezner 1998). This is perhaps one explanation for the failure to acknowledge and map all the paths of such vast theoretical labyrinth. Summarizing the critique presented in reviews, it seems that Milner’s theory suffers from three major deficiencies: *Actor rationality assumptions* (Lusztig 1998, Rengger 2000), *empirical expertise shortage* (Scully 1998, Drezner 1998, Thorbecke 1999) and *selection bias* (Lusztig 1998).

What I can do to offset these objections is to lessen the demand for perfect rationality and assume that sub-state actors act on less than perfect or comprehensive rationality, i.e. bounded rationality. (This has implications for the validity of the conclusions, and does potentially weaken them). Comprehensive rationality refers to the notion of a perfectly informed actor who makes decisions based on knowledge of all alternatives and all consequences they bring. The actor’s choice is the alternative that has the “...highest expected utility”. Comprehensive rationality refers to decision making from an *objective* view of the situation. In contrast, bounded rationality refers to a *subjective* view of the situation and includes the limitations of the actor, its goals and understanding of the situation (Allison & Zelikow 1990:20). In a way this is partly what Milner does when she varies the information available to the ratifying actor (not assuming perfect information), but to further avoid this critique it would be necessary to

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include very detailed information on individual legislators’ assessments of the situation, thus taking away the assumption that groups of decision makers are rational. To her defence it should be added that she acknowledges the weakness of rational choice theory, saying that it “...is not a realistic representation of reality...” (Milner 1997:248).

Since I could not credibly claim to own greater expertise than the theory’s author and also since time and resources are limited to me, it will be hard to escape the second objection. I can however be aware and attentive and try to escape the third by devoting more energy into searching in the dark instead of under the light. By letting theory guide me to the relevant factors, weighing them carefully and establishing a chain of evidence from there instead of in the reverse order, departing from the already established fact.

1.2 What Why & How?

When I started to think about what this thesis would include, there were three things that came to mind: First, the rise of the Middle Kingdom: Not neglecting India, China has become a major player in almost all fields and requires being included in any serious analysis on world issues. Second, climate change, which is framed as a crucial and decisive issue to all of mankind but repeatedly fails to be met with substantial countermeasures. Third, the tendency to give too much clout to unary assumptions and factors when attempting to explain and understand issues of international relations. In my understanding, a theory that is more complex and inclusive, more closely resemble real-life politics than more simplistic reductionist theories. Milner includes a range if factors and connects the domestic level to the international level leaving much less to chance.

The second and third areas of interest were included but unfortunately at the cost of the first. They are however not mutually exclusive. The theoretical framework can be modified to apply to non-democratic systems if domestic groups holding ratification power (such as militaries or elites) are identified and assumed to imitate the legislature role. It requires that there is at least one such group holding ratification power for the model to bear (Milner & Rosendorff 1996:147 note, Milner 1997:12f.). Even if there is a possibility to adapt the framework, Milner’s theory is skewed towards U.S. practices since it draws on literature about the American political system (Brawley 1998), and therefore it should be most accurate in this environment.
She provides convincing arguments for how the differences between Presidential (such as the U.S.) and Parliamentary systems are less important (ibid), hence judging from these premises it seems appropriate to choose from the pool of countries with these types of political systems to keep the theoretical frame within the domain it was originally designed to analyze. Choosing China would mean introducing greater uncertainty and also require more extensive and time consuming research beyond the limits of this essay’s reach.

In general, the social sciences are not as exact and predictable as the natural sciences. The UN Intergovernmental Panel on Climate Change (IPCC) says that there has been an increase “…in global average air and ocean temperatures…” since the early twentieth century and that there is a “…very high confidence…” that since 1750 human activity (anthropogenic) have contributed to warming. Furthermore it is likely that that there has been anthropogenic warming over the last 60 years (IPCC 2007:1-5). There is no clear unambiguous truth about anthropogenic climate change as the formulations above indicate, nevertheless most agree on is that it is getting warmer and that we are to blame. Any other opinions are considered blasphemous. To quantify of the impact is hard to make with much certainty though. The reversion point; what happens if nothing is done, is what is being contested. One says disaster, the other not to worry. There are also alternative and indirect ways of making the best out of our situation.

The much criticized Bjørn Lomborg (2007) advances this point by presenting economic arguments based on statistical analysis for a different, more realistic and comprehensive approach to tackle world issues, not just hyping up the climate and leaving other problems in the shadows.

Lomborg’s research is interesting not only because it is critical towards climate change but because it is scientifically well done even though “…ostensibly objective”. His 2001 book, the ‘The Skeptical Environmentalist’ released a storm within the world of science, and even though he was accused of producing material contrary to good scientific standards, the critique was not really about that: It pertained more to the naturalist methodology of science, that Lomborg presented a ‘truth’ that was contrary to the established consensus. (He was cleared from allegations of ‘scientific dishonesty’ in 2003). In addition, the heated debate highlighted two important considerations, first that not only purely scientific and sensible dialogue establish scientific knowledge, and second, that climate change is a very complex issue, hard (if possible) to simplify (Moses & Knutsen 2007:1f., 9f., 12, 163, 193, 295).
There is an enormous complexity in the social world and nothing can be proven beyond doubt, but oversimplifying it certainly does not help. At least that is my opinion and the reason why I have chosen a theoretical approach that takes in more factors and dynamics than most other IR-theories, and most importantly, recognizes domestic politics. If natural sciences with its established laws need to add even more complexity to understand the earth's reaction to greenhouse gases it would perhaps not be very radical to suggest that social sciences need to move in that same direction to grasp the complex mechanisms of international cooperation around global commons.

World politics and any attempt to understand its intricacy and changing patterns of interaction will always beg for assumptions about, and constructions of, research objects. No description will escape subjectivity and flaws, and can never do proper justice to the world. Nevertheless, what can and should be done is to be clear and open about our research design and purpose, be uniform in our description, and careful about magnifying some aspects and leaving others on an unchanged scale (Ericson 2000:20ff.). This is how I subjectively feel about studying IR; that some aspects that should have been brought out into the light have been left in the shadows. By taking domestic politics under the light of consideration, it may well be so that in this essay it will signify a hill on the map and leave others aspects on the slopes with an eroded status. It may also be justified to do so even if the altitude of the domestic hill is exaggerated, other aspects, in my view, are constantly breathing thin air. Additionally, it can well be argued that other aspects of international relations are not lost and left without influence just because they are not explicitly included. There should not be any reason why they could not be accommodated within domestic actors’ preferences.

1.3 The Case Study Method

Moses & Knutsen ranks the case study method at the bottom of the naturalist methods of inquiry but at the top (even though not explicitly) of constructivists’ due to its richness in context which in turn facilitates understanding (Moses & Knutsen 2007:51ff., 195f.). Yin contests the traditional naturalist hierarchy and claims that case studies can even be explanatory, not just exploratory, and that categorization according to purpose is more useful; explanatory, descriptive and exploratory (1994:3). The critique of case studies rely on two mistakes according to Yin, one that falls on the researcher and another that belongs to the type of generalization:
First, conducting a rigorous and unbiased case study is very difficult and there is no easy way to identify a poorly executed case study. The bad reputation of case studies largely stems from this issue. Case studies are considered “soft” but paradoxically; the softer it is the harder to do. Consequentially, not all are suited to do such research (ibid:9-16). Second, the difference between analytical generalization and statistical generalization is conceptually different. As statistical generalizations can be drawn from “…size and internal variation within the universe and sample”, analytical generalizations are not and should not be extracted from this type of logic. They are not to be compared with a single survey respondent or the like. In surveys, confidence about generalizations can be calculated according to recognized methods, but in case studies there are no standard ways of making such confidence calculations in that sense. There are however some commonly used tests that can be applied (ibid:30ff.).

- Construct validity: Establishes operational measures
- Internal validity: Establishes a chain of casual relationships and giving account for it.
- External validity: Drawing out the demarcation of the applicable area of generalization.
- Reliability: Describes the operational procedures of the study so that it can be repeated (ibid:33).

To decrease subjective bias under the test of construct validity it is important to specify what the relevant measures are and use multiple evidence sources. Internal validity is about making inferences and to what extent these inferences are correct, has been confronted with alternate explanations and originates from more or less unambiguous evidence. External validity is about generalizations from cases to theory, again not from samples to statistics. It is a measure of how well the theory holds up outside its original case(s). The last indicator for judging case study design is reliability: It is a measure of replication possibilities, that is, if the study is documented well enough it (the same case) can be repeated with the same results by another researcher (Yin 1994:32-38).

1.3.1 Why a Case Study?

Yin gives three conditions which decide the appropriate method to use:

1. Type of research question
2. Researchers control over events and behavior
3. Contemporary or historical focus

The case study method is particularly rewarding to utilize when the event being handled is contemporary, “how” and “why” –questions are being posed, and when the researcher cannot
control the parameters. It is used when the phenomena and context are not easily separated, when the context is highly relevant to the phenomena and when complexity disqualifies survey or experimental methods (1994:9, 13, 15).

My research questions are in the form of ‘how’ and ‘why’:

− Why is it so hard to agree on taking relevant and substantial measures for countering climate change internationally?
− How can an analysis of domestic factors and dynamics contribute to an understanding of this problem?

It would be rather difficult to control and adapt the political and behavioral parameters for my purposes. Climate change, even if it has been going on for a good while is a highly contemporary phenomenon in the minds of political decision makers and the general public. International cooperation can be historical, but around the issue of climate change it is highly contemporary too; certainly so when considering the massive impact and costs it carries.

In designing a case study there are five important steps to consider: The study’s questions, its propositions, the units of analysis, the logic link between data and propositions and the criteria for interpretation (ibid:20).

The questions; how, why, where, what, helps determine the research strategy (1), the propositions directs you to what is relevant (2), the unit of analysis depend on both (1) and (2) which determines the interest area and guides you within this area. The last points, linking the data to propositions (4) and the criteria for interpretation (5) are about drawing conclusions about a “treatment’s” impact on a pattern and how clear the correlation between the treatment and pattern is (Yin 1994:18-27): In my understanding, the link between cause and effect, and what to make out of this link; i.e. how strong is it and can any ‘valid’ conclusions be drawn from it?

In identifying these five components in my case study, given my research questions: How is international cooperation in the case of climate change influenced by domestic politics? Why is domestic politics significant in this case? My proposition (or independent variable) is that domestic politics is significant for international cooperation (the dependent variable) and tells me to seek answers in the domestic field. The unit of analysis, in its most to least abstract form is; international cooperation, foreign policy process or formation, with the sub-units of three political actors and the accompanying assumptions about their rationale for action. The
link between cause and effect and what conclusions can be drawn relies on the correlation between the prediction and the result: What the theory predicts about the foreign policy and the implications for international cooperation and what the foreign policy actually is and what results the international negotiations actually produced. This analytical strategy that Yin calls pattern-matching; comparing predicted patterns against empirical patterns (1994:106).
2 THEORY

There are a number of key assumptions in Milner’s theory. The first concerns the nature of interests:

- Political actors’ interest is to maximize chances for retaining political office.
- Societal actors’ interest is to maximize income (according to their essence) (Milner 1997:33, 15 note).

The second concerns the nature of domestic and international organization. The nature of the domestic arena is neither hierarchic nor anarchic but polyarchic. This means deviating from the unitary actor assumption that sees domestic preferences as uniform or decision making as a process controlled by one actor (ibid:233). The international arena is still assumed to be anarchic.

Milner does not assume that the state is unitary, but assumes that the three sub-actors are unitary and rational. This she admits that it is not of course unproblematic in any way (ibid:33f.).

2.1 The Domestic Actors

There are three sets of major domestic actors; the executive, the legislature and the interest groups. The first important question to ask is why any of these would be interested in international cooperation. The basic interests of these different actors are fixed and unchanging. For politicians it is to retain political office and for societal actors to maximize income. Any policy that maximizes one of these will be preferred (ibid:33). The core inquiry that Milner’s theory goes about is under which “...conditions and in what ways domestic politics matter for international relations” (ibid:67).

The executive (also referred to as P in the models) is regarded as a unitary and rational actor. The rationality argument, that the basic interest of the executive is to stay in office and that any policy that aims at that is preferred, can face competition with realizing the party program. Milner chose to ignore this objection though, for the sake of simplification. So the only worry for the executive is re-election. To be re-elected the executive must look to two factors which are the overall economy and the special preferences of interest groups. Without the general economy in good shape, seeing to special interest matter little, since voters tend to evaluate their options based on retrospect economic performance. This creates a trade-off with
the special interests that are important for other types of support such as campaign contributions and media attention. The result is that the executive must balance these competing preferences to shape the optimal policy for keeping office (ibid:34f.).

Also considered a unitary rational actor, the legislature (also referred to as \( C \)) supports or rejects the executive’s proposals; hence it is the median voter that is seen as the unitary rational actor representative. The basic interest of legislators is identical to that of the executive, but their electoral support is regional or local why they must see to those special interests primarily. *So even with interests equal, preferences differ with constituencies* (Milner 1997:36).

*The interest groups* (also referred to as \( E \)) basic interest is simply to maximize income for their members, be it profit, wages or any other good, and will naturally prefer any policy that aims towards that goal. Similar to the legislature, the median member’s preference represents the groups’ unitary rationality (ibid:36f.).

Taken together, the preferences of all three groups plus the preference of the foreign country (the international ‘unitary’ or assumed hierarchic counterpart, also referred to as \( F \)) is the “structure of preferences” that determines the likelihood of a cooperative outcome on the international issue. So plotting out the preferences of all three groups on a line that goes from -approval to rejection- of a particular policy and relating it to the preference of the international counterpart is a way to illustrate and measure the probability of a cooperative outcome (ibid:37).

### 2.2 International Cooperation - Cost & Benefits

The answer to the question of why coordinated policy is to prefer over unilateral policy depends on the degree of *openness* and *externalities*. Generally, unilateral domestic policy has a much greater impact on the national economy and there is little to gain by policy adjustment, taking other countries interest in consideration, but when this occurs there must be an explanation to it. The degree of openness decides how sensitive a country is to another’s policies and to world market fluctuations in general, so greater openness increase the incentives for policy coordination. This has to do with what is called *externalities*; which is a foreign country’s policy’s implication on another country’s (economic) environment; a policy optimized without regard to the country which is affected by it, but who has to deal with its
consequences. Externalities exist when: A’s policy choice affect B’s welfare but A does not share B’s costs or benefits (ibid:42ff.).

The degree of openness and the effect of externalities motivate cooperation in order to maximize benefits and keep costs down. Still, the preference for cooperation is derived from politicians will to retain office, and if cooperation sees to this end by satisfying important societal groups’ interest or improving the overall economy, then cooperation it is. Cooperation can also help political leaders to realize policy that in a unilateral setting would not be possible, but with the initiative coming from outside they can get the help they need to implement a policy that is beneficial but not otherwise supported. (Milner’s example is of trade liberalization; generally beneficial, but not supported if not adopted within a multilateral agreement). Internationally binding agreements can also be used by politicians to avoid pressures from certain sectors but still be supported by others, wherein this, the agreement functions as an excuse. The cost of cooperation to the politicians are two; loss of policy instruments and internal redistribution of income. Letting policy be regulated in international agreements deprives politicians of the ability to collect support from affected groups if needed. Redistribution of income may raise objections and result in opposition from otherwise supportive groups (Milner 1997:45f.).

2.2.1 Demand for Cooperation

Four major policy instruments are available to politicians:

1. Trade and industrial policy (tariffs, quotas and subsidies)
2. Monetary policy (supply)
3. Exchange rate policy
4. Fiscal policy (public expenditures and taxes)

Limiting the freedom of using any of these unilaterally for domestic benefits has to be carefully weighed against the benefits of cooperation. It is a matter of pitching the “home country benefits” against the “extent of externalities”. The benefits that a unilateral use of any policy instrument generates domestically minus the possible retaliation from other countries are the home country benefits. The extent of externalities depends on the degree of openness, i.e. how much another country’s policy affects the home country and of course the nature of this effect, positive or negative. So these two factors determine the demand for cooperation from political actors.
The Demand for International Cooperation

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Table 2.1 “The Demand for International Cooperation” (Milner 1997: Table 2.1)

Important factors for the economy and logically for furthering political actors goals of being re-elected are growth rates, inflation and unemployment. High growth usually means low unemployment but higher inflation. The preference of, and utility for political actors vary, but their horizon is relatively short and may just extend to the next election, so they may desire higher inflation than otherwise optimal for a more distant horizon (ibid:49f.). The ability for politicians to control inflation through the central bank has been restricted in about 20 countries there among Sweden and the U.S. where the central bank is independent and has but one objective which is to keep prize stability, i.e. to keep inflation at a fixed level that is most beneficial over time for the overall economy (Berg 2005). The goals set for the U.S. Federal Reserve FED also include taking in employment and long-term interest rates considerations when forming monetary policy (FED 2005). Thus the ability to affect the money supply or exchange rate with the corresponding instruments is not readily available for politicians in these countries, but as Milner remarks, even the most independent central banks can be sensitive to political pressure (1997:51).

Fiscal policy includes government spending and taxes (state expense and income) and depends on capital mobility and type of exchange rate system, fixed or floating for its effect and impact, internal and external. Under full capital mobility and a floating exchange rate, there are low externalities and low home effects of fiscal policy which in turn gives little demand for cooperationii (ibid:51-55).

Trade and industrial policy include tariffs, quotas and subsidies. These are tools that have high home benefits, but also high negative externalities. This is due to the logic that if a tariff is raised, a quota set or a subsidy given, the increase in home production comes at the cost of other countries domestic production. It is tempting for policymakers to gain votes by stimulating home production with these tools, but the likelihood of retaliation may offset the benefits if there are no obvious justifications for policy change. These effects become stronger with the degree of openness in the economy and the demand for cooperation should be high...
(some demand) considering the high benefits/externalities. If the externalities to a unilateral policy can be checked though, there are high home benefits to reap (ibid:55f.).

2.2.2 Societal Actor Preferences

Political actors’ utility is a function of the overall economy as described above, but also a function of distributional consequences for societal actors. Societal actors seek to maximize income and will pressure politicians to adapt policies closer to their preferences. They also serve as information providers, giving the political decision makers a hint about the scope and impact of proposed policy. The two actors, political’ and societal’ preferences are concerned with different policy effects even though they are closely related. The firsts’ preferences are concerned with policies’ likelihood of keeping them in office and the seconds’ preferences are concerned with “…the distributional consequences of international agreements” (ibid:60). The redistributive policy that boosts a societal actor’s income will naturally be preferred to its opposite.

Interestingly, international cooperation is rarely initiated by interest groups; instead the agenda reflects political actors’ preferences. However, the political actors’ preferences are to a significant degree susceptible to pressure applied, and information provided by, interest groups. Since politicians are concerned with the overall economy they tend to see primarily to those interests groups who have the ability to affect growth and investment directly. Business interest groups thus trump other interests in a capital economy, and the more open the economy is, this influence grows. This is due to business’ control over capital flows; they can choose to take their capital elsewhere (Milner 1997:61f.).

Of course the involvement and commitment to international policy coordination is contingent on the issue area and the effect it may have on an interest group. Different interest groups can thus be anticipated to be involved, depending on these factors.

The preferences of political and societal actors are shaped by the issue area, the degree of openness and the nature (positive or negative) of externalities. There is a tendency that demand for cooperation comes from within and also that cooperation is self-reinforcing. The more integration, the more likely additional cooperative agreements are to be realized (ibid:65f.).
2.3 The Two Level Game

Politicians play on two arenas simultaneously; the domestic and the international, trying to balance the pressures from internal actors and external states. The international game’s goal is to maximize freedom of action internally to satisfy domestic demands (ibid:4).

An understanding of the preferences of the different sets of actors is important, but not enough for analysing national policy choices thoroughly. The interaction between the sets is important to take in and include in the analysis (ibid:65).

The two-level games include a fourth set (adding to the domestic game with the executive, legislature and societal interest groups) which is the foreign executive. It has two main focuses; “...the structure of domestic preferences and the distribution of information” (Milner 1997:67). In the two-level game model, the domestic structure of preferences and the information available to domestic actors are altered and varied in order to see what impact they have on the international game. The international and domestic games are assumed to be separate, but both influencing the outcome of international agreement. The point is to compare the outcomes of a pure international game to the ones including domestic factors. Interestingly and contrary to the commonly held assumption that incomplete information makes cooperation less likely, the model shows that under certain premises, this is not always the case (ibid:68ff.).

The two-level game models are not included here since the likelihood of confusion is greater than the anticipated benefits of doing so. For more thoroughly explanations of the two level games in figures please see the appendix.

2.3.1 Asymmetric Information & Multiple Endorsers

This situation is real in the case of environmental politics in the U.S. so it is worth keeping in mind:

As often is the case in real domestic politics situations, the legislature makes decisions based on information provided by its parties and societal interest groups (endorsers) (Milner 1997:84). Most often there are two endorsers with separate preferences. One closer to the status quo and one further away from the status quo. The legislature has to situate itself on the scale and determine where its ideal point is. Say its ideal point is in between the two endorsers’. This means that it has to get at least one endorsement to ratify the agreement; one endorsement to know that the proposal might leave it better off than before. However, if this
endorsement comes from the endorser further away from the status quo, there is a risk that the legislature is left worse off than with the status quo. This risk does not exist if the endorsement comes from the endorser closer to the status quo than the legislature, so naturally an endorsement from the latter endorser will be more important than from the former. The former will also endorse whatever the latter does, since it will be closer to its preference too. The conclusion is that at least one endorsement will be needed for ratification and depending on the legislature’s belief (positive or negative) in the executive’s and foreign executive’s deal another endorser may be required (ibid:94f.). See Figure 6.4 in the appendix.

2.4 Political Institutions and International Cooperation

Having elaborated on how interests and information matter for international relations this part will explore how institutions affect the outcomes of international cooperative endeavours. The institutions here are the executive and the legislature and how they share power is a key factor for international cooperation.

2.4.1 Five Legislative Powers

There are five different powers that matter in the legislative process:

- Agenda setting (or initiation)
- Amendment
- Ratification/veto
- Referendum
- Side payments

All of these powers control the legislative process; i.e. creating and enacting policy and laws. For the likelihood of agreement it matters if the dovish player have more powers and naturally, the more powers any one player posses makes the probability of an agreement closer to their preference point greater (Milner 1997:99ff.).

The branch that can initiate international negotiation has a key advantage over the other branch. In the foreign policy field it is usually the executive branch that does the agenda setting. In some countries a qualified majority is required (2/3 or 3/5) or more for international agreements that transfers powers abroad and in some, no formal ratification is required. In cases where no formal agreement from the legislature is a must, the executive is still forced take their opinion into consideration or risk being stopped during the implementation process. Holding agenda setting powers means the ability to initiate, the
power to choose topic or issue, and the freedom to put forth solutions to these issues. Sequential advantages, i.e. in which order solutions are considered, can also prove to make a difference. As the branch setting the agenda often prevails, there are two powers that can check agenda setting powers, namely amending and ratification powers: The former adding to the proposal and the latter giving the ability to refuse acceptance of the proposal (ibid:73ff., 102f.).

*Amendment power* is the ability to add and make changes to a proposal. Usually it is the executive that initiates and the legislature that amend. Conditions of amendment allowance is known as “open rule” while when it is not, is known as “closed rule”. There are degrees of openness to amendments that restrict its actual power, such as restrictions in time and rules for changing the nature of agreement. Amendment powers can sometimes be relinquished to the negotiating branch. This strategy is pursued when the costs of delay or renegotiation are too heavy or when the complexity of issues is too great to make any agreement likely at all (i.e. when the reversion level utility is a function of time). The frequency of amendments says something about the power relation between the executive and the legislature: The greater the frequency, the more strength to the legislature. Holding both agenda setting power and amendment power is superfluous since holding one exert significant influence over the other (Milner 1997:103-105).

*Ratification power or veto power* is about who has the last word on an issue. It can be in the hands of either the executive or the legislature, but also belong to certain key societal actors concerning them on key issues. Ratification or veto power cancels the agenda setter’s ability to change the status quo if not desired by other political players. International issues requires different types of ratification such as popular referendums or qualified majorities (or combinations), and translations into domestic laws as in the U.K. In any case, the existence of ratification or veto powers in the hands of any other player than the agenda setter constrains the terms of any international agreement to whatever can be expected to be ratified at home. It is inferior to amendment power since it can only prefer the reversion point over the proposed agreement, i.e. either the agenda setter’s proposal or the status quo. Amendment power admits a move towards the ideal point if the agenda setter’s proposal is not satisfying. In most cases, the legislature holds ratification or veto power, but not exclusively. So if the legislature holds amendment power, its ability to ratify is less important, but then the executive’s ability or inability to ratify becomes crucial (Milner 1997:106-108).
Referendums let the public take a vote on an issue, usually just simple ‘yes or no-votes’. It can be initiated by the executive in order to override the legislature. It thus becomes a vote of confidence for the executive. This is not always the case though: In Switzerland referendums are called for in the constitution and in Denmark a minority of the legislature can call a public referendum. For the ratification game, the outcome in cases of public referendums now shifts to rely on the median voter instead of the median legislator (Milner 1997:108-109).

Side payments include “log-rolling, vote trading, compromise, concessions, reciprocity, bribes, and issue linkage”. The essence of side payments is that an issue with greater utility for one actor can be traded for another issue with greater utility for another actor so that everyone gets what they desire more. They come in different forms such as: “Money, votes, policy choices, political appointments, back-scratching, territory or almost any other good or service that has value to one of the actors involved…” Even though in most cases positive, side payments can be negative too; and if so, they are plain threats. The most important distinction that Milner makes when defining side payments is that they are NOT part of the international game but something used by domestic players; largely by the executive to the legislature or interest groups as part of the ratification game of securing an outcome not otherwise preferred by the median legislator (Milner 1997:109-112).

2.4.2 Distributive Effects of Legislative Powers

Who is in control of the three legislative powers of agenda setting, amendment, ratification/veto has an impact on the policy outcomes. Side payments are excluded because they always exist (thus not altering the outcomes) and referendum is also excluded since it is a form of ratification. There are four cases of different distributions of these powers. Who initiates negotiations does not matter since it is P and F that negotiates and P can thus modify the agreement closer to its preference. So the next step is whether or not C can amend or not. This leaves us with two branches, amend and not amend and the next step is a question of if C can ratify and if P can veto. This leaves four outcomes as illustrated in fig. 2.1. It matters for the likelihood of international cooperation if C is more dovish or more hawkish than P and how the legislative powers are distributed. If C is more dovish and has no other powers; the game will be a pure international one (as in Fig.6.1) Once C gets ratification power, it starts to influence the international game under the preconditions of f<q>p, c (as in Fig. 6.2). Whoever is the dove (executive or legislature) makes cooperation more likely when legislative powers are increasingly concentrating in their hands (Milner 1997:112-117). As we will see later on
in the analysis, the U.S. legislative process is a #3 in Fig. 2.1 below; the most extensive and complicated one. Please see appendix for more figures and illustrations.

Figure 2.1. Equilibria in Four Institutional Games, q>p, c. Four legislative process scenarios. #1-#4 shows the possible outcomes of the institutional games. c is the legislature’s preference, p, the executives, q, the status quo or reversion point, (2p-q) the executive’s indifference point and (2c-q) the legislature’s indifference point. (Milner 1997: Figure 4.1).

2.5 Legislature – Executive Relations in Presidential & Parliamentary Systems

The main difference between Presidential and Parliamentary systems is a separation of powers; their origin and survival powers differ. There is a closer relation between legislature and executive in Parliamentary systems. The President in is also popularly elected, but the Prime Minister is not. It can be useful to single out three systems that have different legislative power relations: The Presidential, the two-party Parliamentary (Westminster) and the multiparty Parliamentary (consensus). Among them, the two-party Parliamentary model in the shape it takes in the Westminster Commonwealth nations of Canada, Australia, the UK and New Zealand are the ones with the most dominant executive. When it comes to the most
dominant legislature, the U.S. is taken to be the system with most legislative powers in the hands of Congress\textsuperscript{iv} (Milner 1997:117-122).

2.5.1 The Legislature - Executive Relation

In a Presidential system, when the party controlling the legislature does not control the executive, it is a case of divided government. In Parliamentary system it is very rare that a single party receives more than half the votes (in proportional voting systems) and thus controls both the executive and legislature. When this is the case in the Parliamentary systems, parties have to form a coalition government (or minority government) which Milner argues very much resembles the situation of divided government in a Presidential system. In the U.S., when there is a case of divided government, the legislature can cripple the executive but not remove it. In European Parliamentary systems the legislature can remove the executive at will, but if it does, there will in the general case be a new election for the legislature as well. So the fate of the legislature in case of a ‘no confidence’ vote for the executive is critically linked in Parliamentary systems but not in Presidential cases such as in the U.S. system. This consequence for the (Parliamentary) legislature makes it reluctant to cast a vote of no confidence and gives the executive an edge over the legislature in passing policies under the threat of a no confidence vote (ibid:37-40).

Even if quite rare in multi-party systems but more likely in two-party systems there are cases of unified government. When this occurs, the executive and legislature should have the same preferences. However, the two still have different constituencies. What it comes down to is a trade-off between party discipline and electoral support for the individual legislator. He/she risks either being punished by the party or by his voters and supportive societal groups (ibid:40ff.).

2.5.2 Institutions and Preferences

Actors have preferences and institutions matter for outcomes. Following this logic, actors should have preferences concerning institutions, and should try shaping them according to their ability to benefit their particular agenda. Thus it can be said that institutions and preferences are very closely related and differing only in their sensitivity to sudden changes. Institutions are the embodiment of preferences. An executive should never initiate negotiations on an issue it cannot expect to pass legislation at home. This expectation depends in turn on who holds ratification power; the median legislator, the median voter, an interest group or other actor. The one actor closest to the executive’s ideal point will be preferred
actor for them to ratify the agreement, and it will try to change the ratification procedure to that actor. So if there is a large divide within the domestic structure of preferences on a contentious issue, a big quarrel about the ratification procedure is to be expected. This can be expected to occur before and/or after the international negotiations are concluded, and if after, will have a negative impact on the likelihood of ratification (Milner 1997:122-128).

2.6 Summary

Milner’s theoretical framework elaborates with three domestic variables with the aim of establishing their effect on international agreements. The structure of domestic preferences is altered, the information available to the actors is varied and the institutional legislative power distribution is changed; and all to find out what it does to the international cooperation. See appendix for figures and illustrations.

The conclusions are:

- If the legislature is the hawk in the ratification game, cooperation is less likely, but when it occurs it will favour the legislature more.
- Divided government has the same effect, also raising cooperative agreements’ odds and favouring the legislature.
- Legislative power distribution between the executive and legislature matters. More power to the hawkish domestic actor produce higher odds for cooperation.
- Any change in the ratification procedure after an international agreement makes cooperation less likely.
- Incomplete and asymmetric information w/o endorser makes cooperation less likely.
- Endorsers under asymmetric information make cooperation more likely and favourable to the legislature.
- Under conditions of incomplete information and an endorser, the odds for cooperation can actually be lower compared to complete and incomplete information situations w/o an endorser (ibid:239).
- The probability of cooperation is underestimated even by realists (ibid:233f.).
2.7 What is Important - Theory Operationalization

Having introduced the theory, there are some things to keep in mind when looking into the political system and policies of the case. These are the factors deemed important by the theoretical framework and the ones that the next chapter will seek to identify:

**General Factors:**

1. Type of government and degree of internal division: Divided or unified, coalition, minority or majority.
2. Constituencies: Where do the domestic actors draw support? Is there any trade-off between party discipline and electoral support?
3. Legislative power distribution: Agenda-setting, amendment, ratification/veto, referendums and side payments.

**Issue Specific Factors:**

4. Degree of openness and the extent and nature of externalities. I.e. is it worth giving up domestic policy tools for international cooperation? What are the domestic redistributive costs for international cooperation?
5. Presence of endorsers: Their preferences and strength.
6. Information situation: How well informed are the parties?
7. Who is the hawk and what legislative powers does it hold?
8. Affected constituencies


3 ANALYSIS

3.1 General Factors - U.S. Politics

This part is dedicated to outline the general factors that matter for domestic politics in general: The type of government and its parts, the legislative power distribution between them, their constituencies and how these relate to each other and interact.

The United States has a Presidential system with a popularly elected President. He (it has never been a she yet) is elected separately from the legislature. It is a federal state with some powers transferred to the central government made up of the executive (President & cabinet), the legislature (Congress) and the judiciary (Supreme Court) (Hallenberg 2009a:117).

Another distinctive feature of the U.S. political system separating it from European Parliamentary systems is that politicians are elected individually on all levels. It is the individual politician and his/hers stance in important issues that are crucial, not so much what party and general ideology they stands for. The party role is more that of a campaign organization, supporting their candidates on the road to the white house (ibid:141f.).

What can be said in general about the parties; the Republican (commonly referred to as the Grand Old Party: GOP) and the Democratic, is that Republicans are more liberal-conservative, wanting less power concentration in Washington and letting the economic forces control themselves. Democrats are on the other hand more social-liberal wanting more power in Washington and favoring federal regulation and social welfare (ibid:141).

Generalizations about the Presidential candidates are not easily accounted for by party affiliation, but there is a strong tendency that theme of the Presidential elections is determined by the intensity of external threats. During the cold war, the Presidents’ foreign policy mattered for his campaign, but after, up until September 11, domestic issues became dominant again, just to fall back in 2004 and come back in 2008 again with the dominant theme being the financial crises. Presidential candidates have to be pragmatic and sensitive to the issues of the time if he wants to be victorious. Adaptability is the key word for any candidate (ibid:141ff.).
3.1.1 Branches of Government

The legislative body of Congress has two chambers or houses; the Senate and the House of Representatives. The Senate is made up of two senators from each state, 100 in total, with a mandate for six years at a time. Every two years, one third of the Senate is replaced. The senators are representing the states equally without any regards to its population. The House of Representatives on the other hand reflects the actual number of people in each state so that the number of seats in the House is proportional to the population in each state. (This means that in 2008, for example California held the largest single share of seats and thus the greatest influence in the House.) There are 435 seats in the House. All legislation has to pass through both chambers, but in case of tax legislation it has to go through the House first. Congress has to ratify ALL government spending (Hallenberg 2009a:121-124).

Both chambers have equal legislative powers but some tasks are reserved for each chamber. Revenue bills (tax, tariffs, fees etc.) must originate in the House by law, and appropriation bills (spending) originate in the House by tradition. The Senate advises the President on treaties and ratifies them. The Senate and House have to give their consent to a Vice-President nomination by the President when vacant. Both houses come together to count the electoral votes in the Presidential election and if no candidate receives a majority, each state delegation in the House casts one vote for one of the top three Presidential candidates, and each Senator cast one vote for one of the top two Vice President candidates (Sullivan 2007:3f., 6).

Elections for the House are held every other year, which is a short interval. However, Congressmen are not as vulnerable as it seems since they almost always have the upper hand when it comes to support for re-elections due to Political Action Committees; PACs. PACs are member funded interest groups that support candidates that further their cause (Hallenberg 2009a:132f.). Many seats are therefore considered to be “safe seats” and most of the candidates who run for another term will also be re-elected. However, PACs can also target representatives for removal and bad publicity can make re-runs difficult (Hallenberg 2009b:61ff.). Another explanation for the high re-election frequency is the close relation between the policymaker and his/hers constituency; if he/she is seeing to their preferences it is not a problem getting votes, and vice versa (Mahoney 2007:14).

The executive body of President has a mandate for four years at a time and a candidate can be re-elected once. The President is chosen in popular elections, but the public does not cast their vote directly on their candidate but on an Electoral College candidate sworn to vote for a
specific President and Vice President. Every state is then counted as a separate unit, and whoever wins can bring the total amount of votes in that state to the national count. There are 538 members of the Electoral College representing 100 senators, 435 Congressmen and 3 representatives from District of Columbia, DC. This means that less populated states have a disproportionately large vote, as they also do in Congress (Hallenberg 2009a:121-124). It means that electoral votes do not reflect the national vote proportionally, for example in 1960 when John F. Kennedy defeated Nixon with 84 electoral votes, the national vote was only 0,2% in Kennedy’s favor (Hallenberg 2009a:Tabell 1).

The President can together with a qualified majority in the Senate (2/3) sign international treaties, appoint members of the Supreme Court, ambassadors and other high ranking officials. This means that he holds agenda setting power in these areas, but ratification still lies in the Senate. In general Congress relaxes constrains on the President when it comes to international politics, except on trade issues. The President is on a longer leash and can expect less opposition to his proposals on the international arena than in the domestic. At home it is not unusual that executive proposals are voted down in Congress, and since the political system works with a clear division of power, this is not such a big deal as it would be in a Parliamentary system (ibid:121-124).

Presidential campaigns are very costly and require a large organization to be successful; that is why support from organizations, business and private donors are crucial (ibid:130f.). After Nixon received very large contributions for his 1972 Presidential campaign, a law regulating the funding of campaigns (Congressional and Presidential) was put in place limiting the amount of private funding to $2300 per candidate for private donators and $5000 for organizations. Federal grants are given instead to fill in the gap. Indirect funding from organizations as PACs was not restricted until 2002 with the McCain-Feingold Act, but its effect has been limited. Federal funding can give incentives for corruption (ibid:137f.), and the laws could contribute to other means of financing.

The Supreme Court tries if new laws are in line with the constitution and its amendments. It is a political player but not generally interfering. One exception was in the Presidential election of 2000 when it practically decided the election (ibid:121f.). A Supreme Court judge is appointed for life by the President (Larsson 1993:23). The candidate can be stopped in the Senate by a qualified majority though (Hallenberg 2009a:124). Since they are appointed for life it is a very important choice for the parties, affecting the balance of majority (Larsson
There is currently one Chief Justice and eight Associate Justices in the Supreme Court, the Chief being John G. Roberts Jr. (U.S. Supreme Court).

### 3.1.2 The Legislative Process

Congress and President can initiate legislation, and the proposal is then processed in the Congressional permanent committees. During the process, hearings with experts and affected parties are held where they can bring their views on the matter. After the committees are done, the proposal is up for ratification; acceptance or rejection OR amendment. In case of amendment, the proposal is sent back to the chambers’ committees and renegotiated. After ratification, the proposal is send to the President for execution. The President can then veto the proposal and to override his veto a 2/3 qualified majority is required in Congress. It is generally very difficult to pass bills in Congress due to the facts that the political parties are weak, meaning that party discipline is weak too. The individual senators and Congressmen rely heavily on their personal constituencies, instead of the party constituencies (Hallenberg 2009a:137-140). The President can also “pocket veto” a bill presented to him, that is if Congress adjourns within the ten day period that he is required to sign or veto it, the bill will not become law (Sullivan 2007:6,51).

Particularly interesting for the orientation of this essay is the Senate procedures regarding treaties under ‘executive Senate business’. The process of passing treaties is significantly different from normal ‘legislative business’. The process is entirely confidential unless a resolution to remove the ‘injunction of secrecy’ is passed. There is no clear identification of the stages of treaty-making in the constitution, just the statement that the President has the power to make treaties “…by and with the advice and consent of the Senate”. The Senate can make amendments, issue reservations, statements and understandings to a treaty. Amendments are actual changes, understandings and statements are clarifications and reservations are designed to limit the effects of a treatment. The ratification order is one of President-Senate-President. The President passes the treaty to the Senate for ratification. The Senate agrees to ratify, amend, add reservations, understandings, statements or to postpone the motion indefinitely. *To pass or postpone the treaty in Senate, “…a two-thirds vote of the Senators present” is required.* If a resolution of ratification is made, the treaty is then passed back to the President who can choose to ratify it or not (Dove 1997:26ff.).

*There is however a catch and this is an important aspect; any treaty that requires federal funding (spending) must go through the ‘normal legislative process’. So, the President, with*
the consent of the Senate can sign a treaty but without the consent of the House, no financial means can be made available.

For example, an annex to the Antarctic treaty concerning the environmental protection of the Antarctic in case of emergencies was transmitted by the President to the Senate on April 2, 2009 for ratification. In the annex, both President Obama and Foreign Minister Clinton states that the treaty requires legislation and will be submitted to Congress (the House) (U.S. Senate: Treaty 111-2). This is due to the fact that the annex requests funding. So the President request consent from the Senate, and if the Senate ratifies, the treaty will become an act. However, if the bill requesting funding for the treaty is not passed in the House though, it will have no practical meaning.

3.1.3 Current Party Affiliations in the Senate and House

During the 111th Congress of 2009-2011, the Democrats held 57 seats in the Senate until April 28, 2009 when Republican Arlen Specter turned Democrat. This lasted until August 25, when Edward M. Kennedy died and his seat left vacant until September 25 when Paul G. Kirk Jr. took it as an interim appointee. The Democrats lost this seat on February 4, 2010 to Republican Scott Brown. This will mean more trouble for the passing of bills such as the ones related to the Obama’s health care package because the Democrats lost their potential qualified majority of 60 or 3/5 vote required to prevent filibuster tactics. Two seats are currently held by independent senators. (U.S. Senate, U.S. Congress, N.Y.T. 2010-02-04, N.Y.T. 2010-01-20). ‘Filibustering’ is a way to delay and defeat action on a bill by lengthy debate. To ‘invoke cloture’ and end the debate, a qualified majority of Senators need sign a motion for this purpose. To pass a bill in the House or Senate, a simple majority is required (Sullivan 2007:24, 40). The House holds 435 representatives of which of 257 are Democrats and 178 Republicans (U.S. House of Representatives), this gives the Democrats a ratio of 0,59 and the Republicans a share of 0,41. As of February 15, 2010 this is the situation in Congress.

3.1.4 Traditional Societal Interest Groups

There are several different domestic interest organizations in the U.S. The most prominent are the employer’s organizations National Association of Manufacturers (NAM) and the U.S. Chamber of Commerce. Other strong interest organizations that are more specialized are the National Rifle Association (NRA), National Right to Life Committee and National
Organization for Women. Labor unions are generally weak with only about 12% affiliation in 2008. Democrats are generally supported by the labor unions and Republicans by the employer’s organizations. There are also national lobbies trying to influence foreign policy, such as the Israeli or Jewish Lobby (Hallenberg 2009b:46-51).

3.1.5 Summary

The U.S. political system is a two-party system comprised of an Executive Office of the President and his Cabinet, a legislative body of Congress with its two chambers of Senate and House of Representatives. A majority vote is required to pass legislation in both houses. International Treaties are signed by the President with the consent of a qualified 2/3 majority in the Senate. If federal funding is required for a Treaty, it must be obtained from the House since it controls all government spending. Currently under the Democratic President Mr. Barak Obama the government is unified with the Democratic Party holding simple majorities in both houses. Thus, it cannot sign international Treaties or invoke cloture without crossing the party line. It may seem as if passing legislation is easy for the Democratic Party as it is in control of the whole governing apparatus, but as party discipline is generally weak, the policymakers heavily reliant on their respective constituencies and filibustering tactics possible in the Senate, this is not the case. The President has a national constituency, the senators a state constituency and the Congressmen separate district constituencies.

3.2 Issue Specifics – The Economics & Politics of Climate Change

This part is concerned with the specific politics and dynamics of the climate change issue, both in general and in the U.S. of today. What are the redistributive effects of climate policy, what policy tools are available and used, who are the stakeholders, what do they know about the effects and who is the most hawkish domestic actor?

"Formulating appropriate policy in the face of scientific complexity, an ambivalent general public, and a major international prisoner’s dilemma, is exceptionally challenging” (Hepburn & Stern 2008:260).

3.2.1 General Problems & the International Level

I agree with the difficulty of formulating suitable policy to address climate change, but beg to differ that reaching a climate agreement is accurately described with the prisoner’s dilemma. Hepburn & Stern say climate change follows a simple scientific logic, that it is easy to understand the basics of global warming, but that the causes and impacts it has and will have
is much harder to pinpoint and predict with certainty. They state that any comprehensive solution will have to include a wide range of disciplines apart from economics and natural sciences (2008:260).

Helm (2008) sums up the general problems that face the world on the climate change issue and says that the existing frameworks and agreements are not as comprehensive and unbiased as they need to be. UNFCCC takes a geographical stance in their approach when making producer location matter over consumer location and the Kyoto protocol has the same approach with the addition of excluding shipping and aviation. He criticizes the Stern Report for being overly optimistic and relying on fragile assumptions about the real cost in GDP of countering climate change. Some major economies may be more occupied with the financial benefits of fossil fuel production (Russia) or seeing climate change countermeasures as something that cannot be allowed to impede growth (China). There are also the questions of responsibility toward future generations and the burden of the past; why do something future generations will benefit from when they probably are going to be better off anyways? Are people in developed countries responsible for historical emissions, and do these excuse developing countries current emissions (Helm 2008:214-217)?

Prospects for the climate are not too bright if we look at the projected increase in population and energy demand: Three billion more people and a 50% increase in energy demand and carbon emissions by 2030. This is the most likely scenario that the IEA predicts and the least likely scenario; with all current policies of all countries implemented, carbon emissions will still go up by 25%. The capital stock in the energy sector is also bound up for 30 yrs or more on average, even though a big part is freed up during the next decade, large parts of it is projected to be re-invested in fossil fuel driven generation (Helm 2008:214-217). Coal will continue to be an attractive source of electric generation since it is abundant and cheap, and also if energy security will continue to be a political issue (Hepburn & Stern 2008:260). The largest consumer and producer of coal is by far China and on second place is the U.S. (Katzer et al. 2007:63f).

When it comes to appropriate policy to tackle the climate issue Hepburn and Stern do in general prefer a cap and trade system to taxes since public sector transfers of large amounts of financial resources to developing countries are politically unpopular and prone to disruptions. Carbon trading systems seems to be the most attractive option: It would have the advantage of channeling funds to the developing world; it would make it irrelevant where emissions take
place, and therefore companies would likely reduce emissions in developing countries due to the lower cost of implementation contra reductions in developed countries (Hepburn & Stern 2008:270).

3.2.1.1 The Copenhagen Accord Commitments

Even if an international treaty never is legally binding in a national fashion, the Copenhagen Accord and submission to its words is, as the Executive Secretary of the UNFCCC puts it, is “…a political agreement, rather than a treaty instrument subject to signature…” since the parties never adopted or endorsed it but only took note of its existence (UNFCCC 2010). In broad terms it set an “…aspirational goal of limiting global temperature increase to 2 degrees Celsius”, and gives a collective commitment to developing countries from developed countries to assist with $30 billion in 2010-2012 and a with goal of providing $100 billion per year in 2020 (PEW Climate a).

The U.S. Executive commitment is “In the range of 17%”, decrease in 2020 depending on domestic legislation, with a 2005 baseline (U.S. Department of State 2010). The EU commitment is in the range of a 20-30% decrease in 2020 depending on other developing countries commitments. The baseline year is 1990 (European Commission 2010).

3.2.1.2 The Baseline Confusion

For various reasons, the parties to the Copenhagen Accord have different ways of calculating and presenting their numbers. To make it comparable for the purpose of this essay I will translate both the EU and the U.S. numbers into 1990 and 2005 baselines:

- U.S.-EU reductions to 2020 with a 2005 baseline: 17% to 13%
- U.S.-EU reductions to 2020 with a 1990 baseline: 4% to 20% (Climate Central 2010a, 2010b).

There are obvious reasons for both parties to stick to their baselines. The reason is that the U.S. increased its emissions between 1990 and 2005, and the EU reduced its emissions during the same period. The EU wants credit for reductions already made and the U.S. wants to boost its percentage and conceal that nothing has been done so far, but that the current action proposed will be more ambitious than the EU’s. The consequence for this analysis is that the choice of baseline brings the parties either closer or further apart in when it comes to policy preferences. Looking at the targets set, the EU must be said to have higher ambitions in its climate efforts since there has already been a cut in their emissions.
However, the reduction could be accounted for by the collapse of the East European industry (CPI 2009-12-06).

3.2.1.3 Carbon Tariffs – Possible Externalities
Tariffs refers back to the ‘trade and industrial policy’ issues described in the theory chapter; there are potential high ‘home benefits’ of changing this policy type, but also high costs/benefits or ‘externalities’ for other countries.

It is possible, but not entirely clear that it is permitted under the existing WTO rules to impose carbon tariffs. Carbon tariff use is a way of equalizing the costs imposed on domestic producers for GHG reduction to foreign producers or countries as whole entities (Veel 2009:749f, 798). The general rationale for imposing tariffs is to prevent “carbon leakage”; to prevent countries that do not have any tariffs or taxes from hosting producers exporting to the home market, thus escaping the domestic regulations and costs; alternatively, to prevent foreign countries from exploiting the comparative advantage of not charging for carbon emissions and letting others with regulations bear the cost of climate change; i.e. ‘free riding’. Seen from a political angle, introducing carbon tariffs can be useful for justifying domestic restrictions and costs (ibid:751ff). Both in the EU and in the U.S., legislative proposals have been put forth to force importers to take part in the Emissions Trading System (ETS), (even though no system is yet operational in the U.S.) (ibid:755ff, 759ff). For the purpose of this essay it should suffice to note that failure to take measures against climate change might be seen as having negative externalities on foreign countries (notably the EU) and that it may bring retaliatory measures. Seen the other way around it can be said that stringent climate policies have positive externalities outside the originating country, which of course is a concern for climate policy advocates.

3.2.2 Specific Problems & the Domestic Level
There are three major policy options for reducing GHGs; cap and trade, regulatory standards and taxes. These can be combined and target producers and/or consumers.

Burger et al. take a look at the policy options presented in the U.S. and offer a somewhat different set of criteria for evaluation. They base their analysis of the alternatives on three different historical attempts to reduce GHGs; by federal R&D investment, by energy taxes and by regulatory measures (Burger et al. 2009c). In most cases, policies are judged by their cost-effectiveness, but there are other criteria that are just as important. These are, innovation
incentives, adaptability, and for this analysis the most important factors; political viability and fairness (Burger et al. 2009a, 2009b). Cost-effectiveness; the cost per unit of emission reduction (ibid 2009b:17) is for example what Bjørn Lomborg is particularly concerned with.

Fairness is about the distributional consequences of a GHG-reduction policy, i.e. who pays and how injustices can be offset. Political viability can come at the cost of the other criteria since some endorsers’ interests may be politically more important than others’ (ibid:18ff).

The three policy options rank different among the criteria. Carbon taxes and cap and trade are the most cost-effective, but the tax option is not very politically viable due to general resistance toward taxation and distributional fairness problems. In addition, it is hard to adjust tax rates once established. Cap and trade programs ranks higher than carbon tax for two reasons; such a system has already been used for restricting other emissions, and it would be free for industry with baseline allowances (ibid 2009c). Regulatory measures have also already been successfully implemented, and are perhaps the most viable political option since it conceals the costs and does not affect energy prizes directly (ibid 2009a:16).

A cap and trade system to control and reduce GHG emissions works by giving allowances to emitters. If the allowance is filled, the emitter will have to trade allowances (at a price set by the market) with others who have more allowances than they need. A regulative body will set the cap and monitor the actual emissions. Such a system of measuring actual emissions and comparing them to allowances is known as a “downstream”, a program focused on consumption. An “upstream” program is focused on production instead and gives allowances to produce GHG-emitting fuels, restricting it at the source (Burger et al 2009a:10). Such cap and trade programs could be applied nationally and internationally, however an international application would face greater enforcement issues than the national.

Fiscal policy proposals such as Clinton’s British Thermal Unit (BTU)-tax that affect many energy consuming and producing businesses would be difficult to pass due to intense and strong lobbying. Simpler more narrow regulative proposals such as the Corporate Average Fuel Economy (FACE) are easier to pass and face less opposition, especially when introduced during crises (ibid:12f).

3.2.2.1 The Waxman Markey Bill (H.R.2454)
The American Clean Energy and Security Act (ACES-Act) or Waxman-Markey Bill as passed by the House on June 26, 2009 is what the executive refers to as the pending
legislation in its admittance to the Copenhagen Accords. The U.S. commitment to Copenhagen is the exact same as in the bill, both as introduced and passed, with the minor adjustment of reducing the economy-wide target to the specific-sources target of 20% to 17% (H.R.2454.IH, H.R.2454.EH).

The bill is as of February 24, 2010 being worked on in four Senate committees treating different aspects, and has been passed in two. A combined bill including all relevant points is expected to be introduced by the Democratic majority leader in a few months. There is a chance that the bill actually will pass during the current 111th Congress (PEW Climate b). The act includes a cap-and-trade program with free and auctioned allowances. The peak of allowances is reached in 2016 and would then regulate 77% of 2005 total emissions. (Calculated from PEW Center 2009a:44f, EPA 2008:3f).

The overall cost of the act as estimated by the EPA is between $80-111 per year and the Congressional Budget Office (CBO) estimate lies at $175 per household (PEW Center 2009b). An updated version of the EPA numbers gives similar estimates of annual average household cost at $74-$117 for the period of 2010-2050. No benefits from reduced GHG-emissions are calculated or included (EPA 2010:20).

The cap and trade system can be integrated with an international cap-and-trade system if it meets similar requirements (PEW Center 2009a:50-51).

3.2.2.2 Endorsers
Before the Waxman-Markey bill was passed in the House, there was a surge of lobbyists flowing to Capitol Hill. This was indicated by a 30% rise in registered companies and organizations registrations at the Senate Office of Public Records, totaling to 1150 entries. The largest representation belonged to the manufacturing sector with about 200 entries, followed by power and utilities at 130. There are complex interests in legislation on climate regulation. Natural gas for example is enthusiastic about a cap and trade system since it would make them more competitive vis-à-vis coal. Agriculture could gain too, from a larger bio-fuel production (CPI 2009-08-10, CPI 2009-12-27).

Of the about 2800 lobbyists working up Capitol Hill, there are about 400 who are working to strengthen climate action and about 2000, representing traditional manufacturing, agriculture,
power production, transportation and oil and gas who pulls the other direction (CPI 2009-12-27). However as mentioned above, not all oppose legislation.

The largest number of lobbyists is supported by these five who also are the top-five sectors when it comes to climate lobbying. The American Coalition for Clean Coal Electricity is the largest lobby group. The sectors who endorse climate legislation are finance, (hoping to benefit from a carbon market), alternative energy and the environmental and health sector (Mother Jones 2009).

The United States Climate Action Partnership (USCAP), consisting of giant manufacturing companies such as, General Motors, Ford, Caterpillar and General Electric and the large petroleum corporations of Shell and British Petroleum America endorsed the Waxman-Markey bill after enactment in the House (USCAP, USCAP 2009). The Center for Public Integrity says that USCAP even did provide the blueprint for the bill and that it was the industries’ endorsement that pushed the bill through (CPI 2009-11-09). However, on February 16, 2010, three big USCAP members (BP, Caterpillar and Conoco Philips) defected from the partnership due to the bills implications for their global competiveness (a concern about relative gains beyond the domestic realm) (W.S.J. 2010-02-17). Exelon, the largest electricity producer in the U.S. endorses the climate legislation since it generates its energy almost entirely from nuclear sources (USA today 2010-02-01).

Taken together, there are two major camps in the lobby, one calling for tough legislation and one trying to block or milder the impact of emissions legislation. Even in the big opposing camp there are some major industries who endorsed legislation as passed in the House, but some defected as a consequence. Beside the benefits of a longer safe investment horizon that all take part of, the side taken is fully dependent on the sector’s perceived benefit or loss as the consequence of domestic redistribution. To make it simple for the sake of analysis, it can be said that there is one endorser to the agreement and one endorser with distributive demands/otherwise opposing.

3.2.2.3 Hawk or Dove?
To establish who is the ‘hawk’ or ‘dove’ is crucial for this analysis, since it determines if domestic politics matter for the odds of international cooperation:

Obama expressed his intention that the industry should pay for all allowances during his Presidential campaign and in the 2010 budget proposal (CPI 2009-11-09, OMB 2009:100).
The chief climate negotiator Todd Stern, former deputy climate negotiator during the Clinton administration who failed to get the Kyoto protocol ratified does not want to risk making the same mistake over again. Hence, he is working close with interest groups this time to get results (CPI 2009-11-09). Charging for allowances or giving them away does not in itself matter for the level of ambition on the climate change issue, but may well help to pass legislation. Whoever is more ambitious on the issue, the executive or the legislature is a tricky question since Obama echoed the ambitions already enacted in the House bill of Waxman-Markey in Copenhagen. But as the domestic legislation is proof of, he has been forced to back down on his all-auctioned allowance stance.

What can be seen as adding to this view is the ‘scientific administration revolution’ in the U.S. regulatory apparatus that Obama have staged, giving away his more dovish stance on the climate change issue. He has strengthened the three big bureaucracies who regulates business practices and consumer protection; the Occupational Safety and Health Administration (OSHA), the Securities and Exchange Commission (SEC) and (most importantly for this essay) the Environmental Protection Agency (EPA) led by Lisa Jackson. All these agencies are now headed by qualified leaders with scientific backgrounds as opposed to their predecessors. Jackson, with the consent of the Obama administration has threatened to set standards for GHG emissions lending support from the Clean Air Act if Congress fails to pass cap and trade legislation. This forceful measure is however under threat from several bills introduced in the Senate, the latest from Democrat John D. Rockefeller IV representing the large coal-producing state of West Virginia. The bill would restrict the EPA’s authority to set emissions limits for stationary sources (Judis 2010, Washington Post 2010-03-05a), i.e. coal power plants.

During the Bush Jr. Administration’s two periods of 2001-2008, the U.S. rejected the Kyoto protocol and favored bilateral and multilateral agreements instead. Climate change was not ignored, but less ambitious than the Kyoto protocol proponents’ level. The Administration’s uncertain view on climate change triggered a debate between to be polarized camps of believers and non-believers. This stance could possibly be traced to the Bush’s largest campaign contributors from the fossil fuel and energy sectors. Even if climate change in most other parts of the world was taken to be anthropogenic, the Administration’s stance kept the debate alive on the highest political level (Fletcher 2009:804-807).
3.2.2.4 The Distributional Effects for Manufactured Goods & Coal – Political Consequences

Just having completed his first year in the Presidential Office, Barak Obama may not have to worry about being re-elected just yet. However, as the Waxman-Markey bill lies in Senate awaiting ratification, what happens there is much more decisive for the fate of climate legislation.

36 Senate seats are on the table in 2010 and there is a slim chance that the Republicans can win the ten seats required to take control. The seats up are equally divided, 18/18 but predictions say Republicans can gain a maximum of eight seats from Democrats. The Democratic states in danger are Pennsylvania (former Republican Arlen Specter), Nevada (Majority leader Harry Reid), Colorado, Delaware, Illinois, Arkansas, Indiana and North Dakota. However, not only Democrats are threatened, Republicans can also face stiff competition in Kentucky, Ohio, New Hampshire and Missouri (N.Y.T. 2010-02-17, USA Today 2010-02-16, Washington Post 2010-03-05b). Some say even home of Barbara Boxer, Democratic stronghold of California may be challenged (N.Y.T. 2010-03-01).

Over 50% of the energy demand in U.S. electricity production is satisfied with coal, and this sector accounted for almost all coal consumption in the U.S. (94%) in 2006. Categorized by sector, electricity production accounts for 34% of the total U.S. GHG emissions, followed by transport at 28% and industry at 19%, and the remaining split between the commercial, residential and agricultural sectors. If categorized by end-user shares, it is the industrial sector that takes the lead at 29% of the total GHG emissions, still followed by transport as number two, commercial and residential sharing the third place and agriculture finishing last (EPA 2008:7ff.,15ff.).

Coal production in the U.S. is divided in three main regions; Western, Interior and Appalachian. The largest coal-producing state by far is Wyoming, totaling more than the six following states combined. West Virginia is the second largest. The states up for Senate elections with a significant production are Pennsylvania, Indiana, Illinois, Ohio and Kentucky. When it comes to consumption, the largest amount of coal generated electricity is consumed in the East North Central Region (not including Pennsylvania and Kentucky) (EIA 2008). Indiana, Pennsylvania, Ohio (and Michigan) are heavy in manufactured goods and thus potential losers of a cap-and-trade system, resulting in making them important constituencies for re-election, and their view on climate legislation decisive (Veel 2009:754 note).
There are also other competing issues that are likely to affect the current climate legislative process. The health care package is taking up the attention of President Obama that he could be spending convincing swing state electorates to stay Democratic and fight climate change.
3.2.3 Summary

The basics of global warming are indeed simple, but the effects and impacts are notoriously difficult to compute and agree upon with any precision. That we will be affected one way or the other is at least certain. There are ethical and distributional dilemmas between generations and countries, and all actors do their best to choose numbers and arguments that suit their particular agenda and reflect their domestic circumstances. As energy demand is projected to rise and coal is abundant in the two largest economies in the world, it seems a daunting challenge to pass policy that leads the market forces on an economic detour without really knowing how long it has to be. Having reached an agreement in Copenhagen, the major emitters have made commitments, but stressing their voluntary nature and reliance on domestic legislation. An exception is the EU. In the U.S., the legislative process is half ways and blocked by the much larger healthcare debate in the Senate. The proposed policy is cap-and-trade, but if it fails, the economy may face regulatory measures from the EPA instead. The effect legislation will have on domestic societal interest groups have triggered intense lobbying. The coal industry is in with high stakes, so is its largest customer, electric power producers and its largest customers, energy demanding manufacturing industries, not forgetting its employees and unions. Many of these interests are located in states where Democratic Senate seats are already under threat. In fact five out of twelve states with anticipated close races contain these groups and three out of eight are ones where Democratic seats are under threat.
4 SUMMARY & DISCUSSION

This part summarizes the previous chapter and brings the ‘general factors’ of the political system and the ‘issue specific factors’ of climate change together. It corresponds to the points 1-8, under chapter 2.7, p.22. It also provides a discussion of the findings.

The current situations in Congress and in the White House are proof of a Democratic Party majority and in effect a case of unified government. Such a situation should produce the same preferences in both the executive and legislative branches of government. There is a tradeoff though, which is between party discipline and electoral support. The President is responsible to his national constituency, political party and supporting interest groups and is just in the beginning of his period in Office. The situation for Congress is different, since both houses are up for elections in 2010 making them prone to respond to political volatility. They rely on regional and local constituencies which make them more sensitive to some issues than others since their constituencies and supporting interest groups rely on varying sources for their income. Environmental politics and its impact on the internal distribution of income is no exception. Some regions rely on coal and heavy manufacturing for their income and will naturally oppose any policy that leaves them worse off, regardless of if the nation as a whole gains or not. There will be a certain cost to the policy; as presented by the EPA and CBO, but the benefit of it is not substantially or clearly defined.

What President Obama has to consider is the careful weighing of the home country benefits against the possible externalities of neglecting climate change. It may be so that the U.S. stand to lose more from a late transition to more climate sensitive production due to more stringent legislation passed elsewhere. These possible externalities are perhaps diffuse and distant, but the U.S. political system is very slow in turning due to its legislative power distribution that gives many opportunities to block and stall legislation. If the U.S. lags behind, others can argue that no regulation of GHGs is in fact a subsidy with high externalities. As most policy tools available for politicians in an open economy with and independent central bank are unavailable it is perhaps not surprising that restricting trade and industrial policy can be seen as beating a holy cow. Potentially though, there are benefits of such acts, but many have opinions on how the poor animal is best beat. As of now, I would classify the demand for international cooperation as ‘no/least demand’ due to low
externalities and high home benefits, but there is a possibility that externalities will rise and home benefits decline as a function of time.

The U.S. is a very large producer and user of coal, relying on it for more than half its electric power production. Since any restrictions on GHGs would affect the prize of electricity, it would also affect the whole economy. In times of an economic crisis that has not yet leveled out, such potential economic cost that strikes economy-wide is invariably unpopular. Beside the issue of the economy, there is also the health care reform that is taking up a large part of the political space.

Seeing to the legislative power distribution, the outcome of an international cooperative agreement should either be the reversion point (status quo), the preference of the legislature, or the ‘indifference point’ of the executive. The legislature is the hawk, so any agreement is more likely to reflect its preference. In fact, its preference is the only possible if an agreement is to materialize. Its preference is however contingent on endorsement from at least one interest group. The situation resembles the one described under the condition of ‘asymmetric information and multiple endorse’ in the theoretical framework and as illustrated in Fig. 6.4:

One interest group representing the financial, alternative energy, environment and health sectors has given its endorsement, but it is not the one closest to the status quo and on top of that not the strongest or most influential. Endorsement from this group is unlikely to be sufficient for ratification. The group closest to the status quo, representing traditional manufacturing, agriculture, power production, transportation oil and gas, is divided and gives ambiguous signals because it contains winners and losers depending on legislative detail.

The election for the Senate draws closer and the politicians are in general very closely tied to their constituencies and interest groups in each state; in addition, large and powerful interest groups are signaling doubts or clear opposition to the proposed legislation. Under such circumstances it would not be too bold to suggest that these interest groups hold ratification power when it comes to the Waxman-Markey bill.

In an attempt to answer the research questions posed initially, there seems to be several possible factors in the case of the U.S. domestic politics that hamper international (global) cooperative agreements on climate change. Most important for any action may be the attitude of the President and cabinet towards the issue. The executive holds agenda setting power in the international arena and even if it cannot stop initiation it can always adjust the deal closer
to its preference. It also holds *veto-power*, so any bill passed in Congress can be stopped. This point is proven by the difference between the Bush and Obama administrations. Who is the most hawkish domestic actor matter for the odds of international cooperation: With an executive hawk, domestic politics does not matter since the legislature is in between the foreign and home executives’ preferences, not making the span wider. When, as it is during the Obama Administration, the executive is the dove, the legislature does matter since it is further away from the foreign country’s position and hence calls the shots. Under the current circumstances it would not be accurate to regard the U.S. as a unitary actor since there are divergent policy preferences between the government branches and the legislature is more hawkish. The mutual benefits that could have been exploited in a pure international game are now blocked.

It could be argued though that it does not matter for the outcome of international cooperation in practice, who is the most hawkish actor since one would just step up and take up the other’s previous position; say Congress now takes up the position previously held by the Bush Administration and the only difference would be an international accord signed or not signed. As it is now, with legislation actually passed in one house, the legislature seems to have softened in comparison to the previous presidency.

So how does this all matter for climate action on the international level? Why do domestic politics matter? As repeated throughout this essay, the precondition is a legislative hawk; as concluded already by Milner. In this case that criterion is fulfilled. It also seems that the timing of elections matter due to politicians sensitivity and closeness to their electorates. The legislative power structure and the high frequency of popular elections in combination with a weak party discipline seem to produce a rather close political horizon very susceptible to interest groups pressure and popular opinion. In other words, out of the shared interest of all politicians derives a preference for a policy that takes the general economy and the societal interest groups into consideration. What matters tough is how far away the horizon for this preference is. Since the election cycles for the houses and President are all different, there will be times when some interests groups preferences matter more depending on where in the legislative process the proposed bill is, and where elections take place: Timing and geographic location. If we imagine that no states with strong interests in coal or heavy manufacturing were up for Senate elections, the horizon for the legislators would have been more distant and perhaps produce other preferences satisfying the same interests.
Under these conditions, the executive’s hands are tied when it comes to its ability to cooperate on the international arena if foreign countries preferences are more ambitious than the home country legislature’s. This seems to be the situation with the U.S. commitments to Copenhagen in relation to the EU and it remains to be seen if the Obama administration’s assessment of how stringent legislation can be passed is accurate or not.

4.1 Reflections

The opening up of the state box and the dive into it can be overwhelming. Doing that; as touched upon in the introduction, is exposing oneself to the risk of being lost in an uncontrollable proliferation of variables. Nevertheless, keeping the box closed and leaving domestic details to chance is also taking a great risk of producing inaccurate and incomplete analysis. An analysis that focuses on domestic politics does not necessarily exclude realist concerns about relative gains and cheating, or for that matter, international regimes importance for international cooperation. Assessments of these could well be accommodated and expressed through interest groups and legislators preferences instead, and mixed in with a more complete set of variables and dynamics, which in the end would leave us with a more balanced outcome. What I have been arguing for in this essay is not that all other theoretical perspectives are faulty and should not be used; but merely that leaving domestic politics out is a great mistake if understanding of issues on international cooperation is the objective.

What I see as the weakness in the approaches mentioned earlier is that they have reduced the number of possible factors that can affect international cooperation and have closed themselves off from simpler assumptions that most of us could relate to and agree to be plausible. Milner’s assumptions about political and societal actors’ interest do in my opinion lie closer to ‘reality’ than competing assumptions about ‘national interest’ or the power of international institutions. They are much more complex to use, but that should not be an obstacle for anyone who seeks more detailed and comprehensive answers.

This case study did just look into one party’s domestic circumstances around climate change, and did not as Milner’s did, include two full sets of domestic actors. Milner’s cases were all closed, but the case here is still open. This has positive implications for the internal validity of the study since the risk of choosing sources and arguments that confirms the already known outcome is eliminated. The downside is of course that any outcome contradictory to the evidence cannot be investigated. The detail provided here for this case is very great, and could perhaps have been made more compact. To undertake a larger n-study with this frame would
be very time consuming and rely on expertise in the specific domestic political arenas for its validity. Perhaps that is its greatest challenge.

What this plunge into domestic politics has produced are ideas and prospects for further research into domestic politics’ meaning for international cooperation. The most obvious is of course to apply the same theoretical frame to the EU climate politics and see what conclusions can be drawn from a comparison between the two. Once again a thought introduced by my supervisor; the notion of three-level games could be considered in the case of the EU.

If taken a step further it could also well be argued that the same three-level game applies for the U.S. as well, if we consider individual federated states as separate entities. They do after all have governance systems very much resemble those of ‘real’ states in design and function. Of course the homogeneity of the EU cannot really come up to that of the U.S., but such comparisons are nevertheless possible.

Another interesting idea is to follow up on is the flaw on the theoretical frame of what happens when a politician cannot or do not want to retain political office. Does anything change when a President enters his second term? When a Congressman is about to retire? Does this matter for their will to please their constituencies and supporting interest groups? Will ideology take a step forward or will loyalty suppress it?

The last and perhaps most interesting tread to follow up on is how other perspectives and concerns about international cooperation are perceived by domestic politicians and societal actors and reflected in legislation and lobbying. Can concerns about relative gains and cheating, the structure of international institutions and epistemic communities be accommodated and expressed through domestic political actors’ preferences? Can other aspects of IR be integrated with a theory of domestic politics?
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6 APPENDIX

To illustrate the games Milner & Rosendorff use the Nash Bargaining Solution (NBS) which is a Pareto efficient solution to the bargaining game of two rational players. A Pareto efficient solution is when no player can increase their utility without imposing cost on the other player. An agreement is struck only when the solution returns each player more than a no agreement solution i.e. status quo (Milner 1997:71-72).

The players are (F); the foreign country which is regarded as a unitary actor. (P); the representative of the home country i.e. the Prime Minister, President or proposer. (C); the chooser or legislature of the home country and (E); the endorser which can be a player outside or inside the government; for ex. an interest group, a legislative committee, independent agencies or other party members. The (E) endorser, only plays a role if information the legislature hold is incomplete, and the legislature depends on (E) for that information. The consequence is that ratification of an agreement struck by (P) depends on (C) which in turn makes its decision (at least partly) based on information and/or endorsement from (E). E is affected by the outcome of the international agreement and may have its own agenda, thus (C) cannot blindly trust the information given by (E). The respective actors’ preferences or ideal points are represented in the tables as lower case letters; (f), (p), (c) and (e) (Milner 1997:70-71, 76, 86).
The figure illustrates under which conditions an agreement is possible between two parties on the international level. (f) and (p) are the foreign country’s, respectively, the home country’s ideal points. No agreement but status quo is possible between the players’ ideal points, say at (q2) since none of the players would accommodate the other’s proposal since it would impose cost and deviate from their own ideal point. However, any (q) less than (f) or greater than (p) say at (q1) or (q3) will result in an agreement on (f) and (p) respectively, since an agreement is mutually beneficial. Player (P) would accept (f) if (q1) and player (F) would accept (p) if (q3). So if q<f<p then (F) and (P) will agree on (f) and if q>p>f then (F) and (P) will agree on (p). Important to note is that (q) need not be status quo ante, but is the outcome if no agreement is struck. The ability of any player to set the “reversion level” (q) gives them leverage (Milner 1997:76).
Introducing domestic politics into the game has implications for the international game, but it depends on whether or not the legislature \((C)\) is a “hawk” or a “dove” \((c.H\) or \(c\)). If \(f < p < c < q\) then domestic politics matter since \((C)\) would not accept \((p)\) when \(p < c < q\). If on the other hand \((C)\) is a dove, i.e. closer to the foreign country’s preference \((f)\); \(f < c < p\) or \(q < f < c < p\) or if \((c)\) i.e. when \((q)\) is in between \((f)\) and \((p)\)) then domestic politics does not matter since \((P)\) and \((F)\) will not suggest/accept any agreement other than \((p)\) or \((f)\) and \((q)\). So if the legislature is a dove (if \((c)\) in fig. 3.3) domestic politics does not matter under these premises, but if it is a hawk it raises the odds of international cooperation. When international cooperation does occur it is more likely that it reflects the legislature’s preferences rather than the executive’s (Milner 1997:77-79, 82).
Under conditions of asymmetric information; when the legislature is not aware of its exact ideal point, it will not risk an agreement that makes it worse off. This is illustrated in the figure as the span between \((c_l-c_h)\). If \((q)\) lies within this span then \((C)\) will not ratify. If \((q)\) is smaller than \((c_l)\) \((C)\) will accept \((c_l)\) if offered and \((c_h)\) if \((q)\) is greater than \((c_h)\). This means that the effect of asymmetric information has a negative impact on mutually beneficial agreements for \((F)\) and \((P)\) and in general since an uninformed legislature expands the span where no agreement is possible (Milner 1997:83-85).

*Figure 6.3. Domestic politics with incomplete and asymmetric information (Milner 1997:Fig.3.4).*
In this scenario the legislature is the hawk and relies on endorsers for ratification. C is not fully aware of its ideal point (c) and needs information from endorsers to maximize its returns. If E2 endorse the agreement, than E1 will too and C will always ratify in this case. The endorser closer to the status quo always has the greater influence since its “…preferred-to-set” is the smallest. If only E1 endorses, there is a greater uncertainty for C and ratification relies on its view of the agreement, positive or negative. If positive, the legislature might accommodate, if negative it will not ratify. If there is no endorsement at all, ratification will always fail (Milner 1997:94-95).
7 END NOTES

i The arguments for seeing the executive as a unitary actor can be presented in three ways: The President or prime minister is the one person who must approve of all decisions before they can be carried out; hence the head of the executive is the top dog. Another way of seeing it is that the relevant minister over an issue area is the one who decides on policy since he/she has the mandate for that area. A third view is that of the median cabinet member; who holds the deciding vote (Milner 1997:34-35).

ii Even less demand for cooperation is found under conditions of a fixed exchange rate since the home currency does not appreciate and check growth. Instead, the home government is forced to respond with monetary policy, increasing the supply to keep the exchange rate under control. This stimulates the economy and tends to have mostly positive externalities as well. So a fixed rate lowers the demand for international cooperation to no/little demand since it has high home benefits and low externalities (Milner 1997:51-55).

iii In addition to these powers are the “origin and survival” powers, representing the constitutional relationship that dictates each institution’s ability to dissolve the other entirely or partly. Milner does not ascribe very much significance to the “origin and survival” powers, which in her opinion hinders understanding of more important relations such as the five legislative powers. The distribution of them and the power to control the distribution is more relevant (Milner 1997:99ff.).

iv The distinction between Presidential and Parliamentary systems when it comes to the distribution of legislative powers is more confusing than helpful. Both systems vary greatly internally so there are no substantial generalizations to be made regarding to their power relations. What by definition differs between the two is a separation of power. Their origin and survival powers are not the same. In a Parliamentary democracy the executive is appointed by the legislature; it emerges from it and it depends on its confidence. The legislature can cast a vote of no confidence and force it to resign. This is not normally possible in a Presidential system. Another difference is that a President is popularly elected while a prime minister is chosen by the legislature (ibid:117ff.). Who elects the head of state
may in practice be of lesser importance since there always are candidates that each party run for prime minister in a Parliamentary democracy too.

Generally it can be said that there is a closer relationship between the executive and legislature in a Parliamentary democracy than in a Presidential ditto. It can be useful to single out three systems that have different legislative power relations: The Presidential, the two-party Parliamentary (Westminister) and the multiparty Parliamentary (consensus). Among them, the two-party Parliamentary model in the shape it takes in the Westminster Commonwealth nations of Canada, Australia, the UK and New Zealand are the ones with the most dominant executive. This is due to the single-party legislative majority that appoints the executive. Thus, the executive can expect to be backed by a legislative majority. The only thing that can compromise the executive is party discipline. Under such conditions Milner admits the unitary actor model to be perhaps more appropriate than her polyarchic model outlined here. When it comes to the most dominant legislature, the U.S. is taken to be the system with most legislative powers in the hands of Congress. Since there are very few cases of single-party majority in multiparty Parliamentary systems, these systems rely on coalition governments or minority governments. This in turn means that the party who appoints the prime minister does not appoint the whole cabinet and does not have a given majority in the legislative body. This means that significant powers are located within the legislature (Milner 1997:119-122).